National Nursing Homes Ltd.

Annual Report 1970

AR13

National Nursing Homes Ltd.

Officers of the Company

President
Neil B. Cook

Exec. Vice President
Gordon McKee

General Manager
Donald I. Dewar

Director of Personnel
Marjorie C. Dillingham

Secretary
Nora Agabob

Treasurer
D. James Dodd

Directors

Neil B. Cook
Vancouver

Neil Colville
Vancouver

Gordon McKee
North Vancouver

Lawrence Hynes
Toronto

William A. Clarke
Toronto

Donald I. Dewar
Burnaby

Marjorie Dillingham
Richmond

Auditors

Thorne, Gunn, Helliwell & Christenson

Bank

The Mercantile Bank of Canada

Solicitors

Freeman, Freeman, Silvers & Koffman, *Vancouver*
Fraser & Beatty, *Toronto*

Transfer Agent and Registrar

Canada Permanent Trust Company, *Vancouver, Toronto, Winnipeg, Calgary, Montreal*

Listed

Vancouver Stock Exchange
Canadian Stock Exchange

Offices of the Company

2200 Guinness Tower,
1055 West Hastings Street,
Vancouver 1, B.C.

To Our Shareholders

The twelve months ending May 31, 1970, marked the completion of a record year for your Company. Your company's gross revenue for the year was 40% greater than for the previous year and its net income increased to $605,371 from the net income of $111,205 reported for the year ended 31 May 1969. In addition to this gratifying improvement in net income your Company has considerably improved its balance sheet and thereby put itself in a position to undertake further expansion.

Despite the fact that interest rates were at historic highs and the supply of money was short throughout the year, your Company was able to attract and generate $10,375,412 of new capital. Of this amount $6,694,084 was used to repay long term debt, $2,997,999 was invested in fixed assets and $608,459 was applied to working capital.

Your Company continued to expand and completed construction of an additional 521 beds. The Rockcliffe in Scarborough, Metropolitan Toronto, which was opened in September has achieved over 82 per cent occupancy. The addition to the Parkside in Regina, Saskatchewan was ready for occupancy in Feb., 1970 and response has been very good. The 237-bed Chelsey Park in Mississauga, Ontario was opened on March 13, 1970 and occupancy is proceeding at a very good rate.

Other significant events in the last twelve months were:

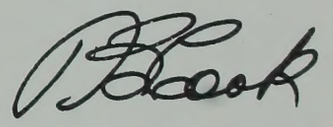
- Acquisition of key sites in Victoria, Toronto, Winnipeg, Vancouver, Burlington and Peterborough for future expansion.
- Key additions to our staff of management personnel.
- Change of name from National Hospital Management Services Ltd. to National Nursing Homes Ltd.

National Nursing Homes has always endeavoured to provide high quality care in nursing centres at reasonable cost, using modern management techniques to control expenses. We receive daily reports from all nursing centres and are thus able to compare each facility we operate. The reports contain the facility's income and its controllable costs – payroll, supplies and food. Discrepancies in any of these in any facility can be quickly isolated and controlled. Our efforts toward cost reduction do not result in lowering of nursing home standards. Rather, our lower costs are the result of central purchasing of supplies, careful control of costs and a comprehensive maintenance program.

Your Company's aim will be to continue the current growth pattern and we look forward to increasing participation in the retirement home field. The first of these retirement homes will be constructed in Vancouver.

National's entry into the retirement home field was a logical extension of the techniques developed in operating nursing home centres across Canada. Our retirement homes will offer the public an invitation to more enjoyable leisure years with all the comforts of home and the security and companionship that our senior citizens deserve.

One of our most rewarding achievements of the past year has been the addition of several outstanding individuals in key positions in the Company, giving us the depth of management to undertake additional expansions and the entry into the retirement home field. I wish to pay tribute to all our employees for their contribution and support in our banner year.



Neil B. Cook,
President

August 1, 1970

National Nursing Homes Ltd. and subsidiary companies
(Formerly National Hospital Management Services Ltd.)

Consolidated
(With comparative figures as

Assets

	1970	1969 (restated)
CURRENT ASSETS		
Cash	$ 187,671	$ 31,507
Bank deposit receipt	100,000	—
Accounts receivable	282,905	150,070
Prepaid expenses and deposits	283,623	66,063
Patients' funds held in trust	54,906	40,335
	909,105	287,975
ADVANCES TO SHAREHOLDERS	—	296,002
ADVANCES TO AFFILIATED COMPANIES	69,619	1,710,991
FIXED ASSETS, at cost		
Land	1,838,890	1,276,971
Buildings	8,271,925	5,354,121
Furniture and equipment	1,572,133	1,024,350
Construction in progress	—	1,029,507
	11,682,948	8,684,949
Less — accumulated depreciation (note 2)	1,365,388	1,148,655
	10,317,560	7,536,294
OTHER ASSETS AND DEFERRED CHARGES		
Excess of cost over book value at date of acquiring subsidiaries	1,270,354	1,279,289
Deferred income tax charges (note 3)	90,000	198,163
Discount on debentures, less amortization	49,000	—
Deferred operating losses on new homes (note 1)	43,289	—
Financing costs	—	17,195
	1,452,643	1,494,647
	$12,748,927	$11,325,909

Approved by the Board

Neil B. Cook, *Director*

Gordon McKee, *Director*

Balance Sheet As at May 31st, 1970

at May 31st, 1969)

Liabilities	1970	1969 (restated)
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 450,140	$ 487,399
Income taxes payable (note 3)	4,909	—
Patients' trust liabilities	54,906	40,335
Principal instalments due within one year on long-term debt	154,138	123,688
	664,093	651,422
ADVANCES FROM AFFILIATED COMPANIES	—	7,122
LONG-TERM DEBT (note 4)	8,649,442	10,097,526
Shareholders Equity		
CAPITAL STOCK (notes 5 and 6)		
Authorized — 6,000,000 common shares of no par value		
Issued — 3,000,020 common shares (1969 — 2,500,000)	2,898,625	601,000
CONTRIBUTED SURPLUS (note 5)	47,500	—
RETAINED EARNINGS (deficit)	489,267	(31,161)
	3,435,392	569,839
	12,748,927	11,325,909

Auditors' Report

To the Shareholders of
National Nursing Homes Ltd.
(formerly National Hospital
Management Services Ltd.)

We have examined the consolidated balance sheet of National Nursing Homes Ltd. and subsidiary companies as at May 31, 1970 and the consolidated statements of income, retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at May 31, 1970 and the result of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year after giving retroactive effect to the change in accounting for income taxes as explained in note 3 to the consolidated financial statements, with which change we concur.

THORNE, GUNN, HELLIWELL &
CHRISTENSON
Chartered Accountants

July 10, 1970

National Nursing Homes Ltd. and subsidiary companies
(Formerly National Hospital Management Services Ltd.)

Consolidated Statement of Income For the year ended May 31st, 1970

(With comparative figures for 1969)

	1970	1969
REVENUE	$ 4,824,046	$ 3,402,287
EXPENSES		
Operating expenses	3,243,348	2,354,872
Depreciation	216,733	277,793
Interest on long-term debt	598,938	592,205
	4,059,019	3,224,870
Income before undernoted items	765,027	177,417
Operating losses on new homes deferred (note 1)	43,289	—
Income before taxes on income and extraordinary items	808,316	177,417
TAXES ON INCOME (note 3)		
Current	310,159	122,850
Deferred	108,163	—
	418,322	122,850
Income before extraordinary items	389,994	54,567
EXTRAORDINARY ITEMS		
Reduction in income taxes due to the application of prior years' losses (note 3)	215,377	94,400
Supplies inventory expensed less income taxes related thereto	—	(37,762)
	215,377	56,638
NET INCOME FOR THE YEAR	$ 605,371	$ 111,205
EARNINGS PER SHARE		
Income before extraordinary items	$ .13	$ .02
Net Income for the year	$ .21	$ .04

Consolidated Statement of Source and Application of Funds For the year ended May 31st, 1970

(With comparative figures for 1969)

	1970	1969
SOURCE OF FUNDS		
Operations		
Net income for the year	$ 605,371	$ 111,205
Deferred operating losses on new homes	(43,289)	—
Add charges which do not involve current funds		
Depreciation	216,733	277,793
Deferred income taxes	108,163	—
Amortization of discount on debentures	3,500	—
	890,478	388,998
Repayment of advances to shareholders and affiliated companies	1,946,309	961,514
Proceeds from issue of shares and warrants	2,345,125	—
Proceeds from issue of debentures	2,947,500	—
Proceeds from mortgages	2,246,000	—
Current portion of long-term debt deferred and reclassified as long term debt	—	400,000
Elimination of working capital deficiency of those subsidiary companies whose shares were sold	—	86,335
Share subscription paid	—	1,000
	10,375,412	1,837,847
APPLICATION OF FUNDS		
Additions to fixed assets (including $30,404, for interest during construction; 1969 - $17,032)	2,997,999	1,263,734
Payments on long-term debt	6,694,084	9,360
Repayment of advances from affiliated companies	7,122	143,618
Assumption of working capital deficiency of those subsidiary companies whose shares were purchased	—	58,941
Payment of financing costs, less income taxes related thereto	67,748	17,195
	9,766,953	1,492,848
WORKING CAPITAL INCREASE	608,459	344,999
WORKING CAPITAL (DEFICIENCY) at beginning of year	(363,447)	(708,446)
WORKING CAPITAL (DEFICIENCY) at end of year	$ 245,012	$ (363,447)

Consolidated Statement of Retained Earnings For the year ended May 31, 1970

(With comparative figures for 1969)

	1970	1969
Balance at beginning of year		
As previously reported	$ (229,324)	$ (578,380)
Adjustment for prior years' deferred income tax charges (note 3)	198,163	198,163
As restated	(31,161)	(380,217)
Net Income for the year	605,371	111,205
Financing costs, less income taxes of $89,873 related thereto	(84,943)	—
Credit arising from the elimination of deficit applicable to the period of control, of those subsidiary companies whose shares were sold at cost	—	237,851
BALANCE AT END OF YEAR	$ 489,267	$ (31,161)

Notes to Consolidated Financial Statements

YEAR ENDED MAY 31, 1970

1. Basis of presentation

The consolidated balance sheet includes the accounts of the following wholly-owned subsidiary companies at May 31, 1970:

Altamont Nursing Home Ltd.
Brentwood Nursing Home Ltd.
Chelsey Park Nursing Home Ltd.
Cheltenham Nursing Home Ltd.
Chinook Nursing Home Ltd.
Evergreen Lodge (1970) Ltd.
Parkside Nursing Home Ltd.
Quasar Construction Company Ltd.
Rockcliffe Nursing Home Ltd.
Southwood Nursing Home Ltd.
Tullamore Nursing Home Ltd.

The consolidated statements of income, retained earnings and source and application of funds reflect the operations of all the above companies for the year ended May 31, 1970. The Rockcliffe Nursing Home commenced operations in September 1969 and the Chelsey Park Nursing Home in March 1970. In accordance with the company's policy for treatment of starting up expenses on new nursing homes the excess of operating expenses over revenue on these homes has been carried forward on the balance sheet as a deferred charge. Future revenues in excess of operating expenses are applied in full to extinguish such deferred charges. The company expects deferred starting up expenses in respect of each new nursing home to be extinguished within twelve months from the date of commencement of operations.

2. Depreciation

During the year the companies provided for depreciation on a straight line basis at the following rates:

Buildings	2½%
Equipment	6⅔%
Parking lots	4%

The application of the above rates of depreciation to new nursing homes commences at the point where deferred starting up expenses are extinguished.

The company has adopted the revised rates to conform to the practice in the nursing home industry.

Depreciation had been provided in the preceding year on buildings at straight line rates of 2% and 5% and on equipment at 10%. If these rates had been used in the current year, the net income for the year would have been reduced by approximately $41,000.

3. Income taxes

The company has decided to reflect in the accounts as of the beginning of the previous financial year the full tax allocation basis of accounting for income taxes. In consequence it has been nec-

essary to set up "Deferred income tax charges" in the amount of $198,163 at May 31, 1968 by a credit to retained earnings. These deferred income tax charges result from past provisions for depreciation in excess of capital cost allowances claimed for tax purposes and from other timing differences.

The excess of capital cost allowances to be claimed in respect of the current year over depreciation provided and other timing differences gives rise to a charge in the current year of $108,163 for deferred taxes. This has reduced the deferred income tax charges carried forward on the balance sheet.

Income taxes for the current year have been reduced by $215,377 through the application of losses sustained in prior periods and this reduction has been treated as an extraordinary item of income. The balance of such losses remaining to be claimed in future years is approximately $333,000. Such tax reductions as may result from the application of these losses will be reflected as extraordinary items of income in future periods.

4. Long-term debt

Long-term debt consists of the following

	1970	1969
(a) First mortgages		
7½% maturing 1972	$2,109,612	$ 2,178,787
7½% maturing 1984	322,500	346,875
7½% maturing 1984	322,500	346,875
7% maturing 1985	492,968	502,971
11% maturing 1980	1,300,000	—
9¾% maturing 1989	1,000,000	—
Mortgages on land held for future development with interest rates varying between 8½% and 9½%	256,000	—
	5,803,580	3,375,508
(b) 7% Convertible Redeemable Sinking Fund Debentures Series A due July 2, 1984	3,000,000	—
(c) 8½% Loan payable	—	6,555,706
(d) Interim financing on construction	—	290,000
	8,803,580	10,221,214
Deduct amount due within one year included in current liabilities	154,138	123,688
	$8,649,442	$10,097,526

Principal payments due within the next five years on the first mortgage debt are as follows:

1971	$ 154,138
1972	2,311,698
1973	169,314
1974	109,801
1975	145,788

The Series A Debentures are convertible into shares at $6.25 per share on or before July 2, 1974 and thereafter at prices increasing $.50 per year until July 2, 1979, at which date the right to convert will expire.

Annual sinking fund payments of $300,000 on the Series A Debentures commence in 1975 but may be reduced by the par value of any debentures which have been purchased or converted.

5. Capital stock

In July 1969 the company issued 500,000 common shares for a consideration of $2,297,500. At the same time 475,000 Share Purchase Warrants were issued for a consideration of $47,500, which has been treated as contributed surplus. During the year 20 shares were issued on the exercise of a like number of warrants and the payment of $125.

954,980 shares are reserved for issuance upon exercise of Share Purchase Warrants and Series A Convertible Debentures.

6. Share Purchase Warrants

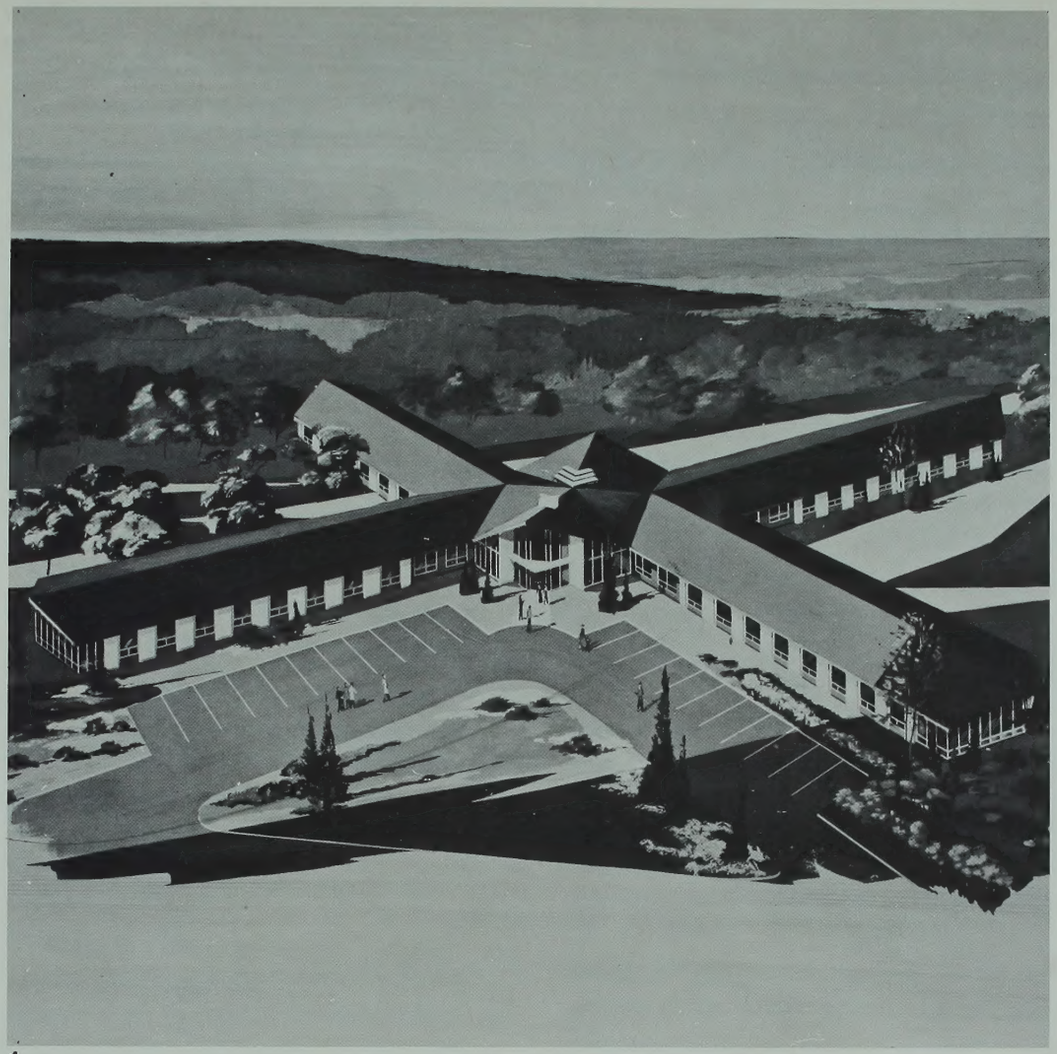
At May 31, 1970 there were 474,980 Share Purchase Warrants outstanding. The warrants entitle the holders thereof to purchase 474,980 shares at $6.25 per share if exercised on or before July 2, 1974 and thereafter at the following purchase prices if exercised on or before July 2, in each of the following years:

1975	$6.75 per share
1976	$7.25 per share
1977	$7.75 per share
1978	$8.25 per share
1979	$8.75 per share

After July 2, 1979 all Share Purchase Warrants not exercised will be void.

7. Other statutory information

The aggregate remuneration paid by the company and its subsidiaries to the directors and senior officers of the company for the year was $103,000.

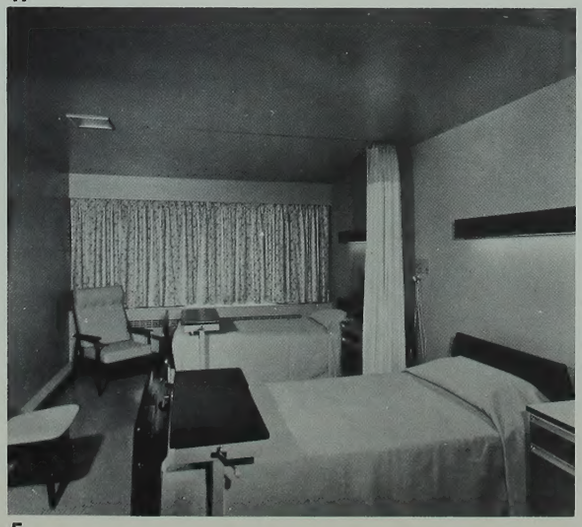


1.

2.

3.

1. New nursing homes in Ontario highlight company's growth
2. Nursing attention is available 24 hours a day
3. Pleasant surroundings keep the elderly involved and interested in their home
4. Many homes offer single-storey design with landscaping matching the residential area
5. Variety of room arrangements are available to suit individual needs for privacy or companionship



5.

4.

Nursing Homes Owned

ONTARIO

1 **Altamont** in Westhill, has 149 beds and was built in 1964. It won a prize for its architectural design and was named nursing home of the month.
2 **Tullamore** in Brampton, has 149 beds.
3 **Cheltenham** in Willowdale, has 159 beds.
4 **Rockcliffe** in Scarborough, has 204 beds and is four stories, built in 1969.
5 **Chelsey Park** in Mississauga, has 237 beds, was opened in 1970, and is four stories.

SASKATCHEWAN

6 **Parkside** in Regina, opened in 1965 and expanded in 1970, has 226 beds.

ALBERTA

7 **Southwood** in Calgary, opened in 1963, has 120 beds.
8 **Brentwood** in Calgary, opened in 1963, has 120 beds.
9 **Chinook** in Calgary, opened in 1964, has 149 beds and features western ranch style type of architecture.

Private Hospitals Managed Under Contract

BRITISH COLUMBIA

10 **Sandringham** in Victoria, opened in 1964 in downtown Victoria, has 84 beds. It is cottage style set in lovely grounds.
11 **Normandy** in Vancouver, is the "heart" of the nursing homes operation. Cottage style, opened in 1964, it has a reputation for being the finest private hospital in Canada. It has 75 beds.
12 **Kensington** in Vancouver, opened in 1963. Close to a major shopping centre, has a colonial type architecture and 74 beds.
13 **Willingdon** in Burnaby, opened in 1964 in a cottage-style, landscaped setting, has 75 beds.

Property Held for Future Construction

In **Ontario** . . . property is held in Toronto, Burlington and Peterborough.
In **Manitoba** . . . property is held in Winnipeg.
In **British Columbia** . . . building sites are held in Vancouver and Victoria.

AR13

NATIONAL NURSING HOMES LTD.

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

AUG 14 1970

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Shareholders of NATIONAL NURSING HOMES LTD. will be held in the Patricia Room of the Georgia Hotel, 801 West Georgia Street, Vancouver, British Columbia, on Tuesday, August 18, 1970, at the hour of 10:30 a.m. (Pracific Daylight Saving Time) for the following purposes:

1. To receive and consider the report of the Directors and to receive and approve the consolidated financial statements of the Company and its subsidiaries for the fiscal year ended May 31, 1970, and the Auditors' Report thereon;

2. To elect Directors for the ensuing year;

3. To appoint Auditors for the ensuing year and to authorize the Directors to fix the remuneration to be paid to the Auditors;

4. To renew the authority of the Company under Section 150 of the "Companies Act" of British Columbia to take or acquire by purchase or otherwise any shares in any other corporation;

5. To transact such other business as may properly be brought before the meeting.

DATED at Vancouver, British Columbia, this 30th day of July, 1970.

BY ORDER OF THE BOARD

NORA AGABOB
Secretary

Shareholders who are unable to attend the Annual General Meeting in person are invited to complete the enclosed Instrument of Proxy and return it to the Canada Permanent Trust Company, 455 Granville Street, Vancouver, British Columbia.

NATIONAL NURSING HOMES LTD.

INFORMATION CIRCULAR

July 30, 1970

SOLICITATION OF PROXIES

This Information Circular is furnished in connection with the solicitation of proxies by the management of NATIONAL NURSING HOMES LTD. (the "Company") for use at the Annual General Meeting of the Shareholders of the Company to be held at the time and place and for the purposes set forth in the accompanying Notice of Meeting, and at any adjournment thereof. The cost of solicitation will be bourne by the Company.

APPOINTMENT AND REVOCATION OF PROXIES

Each of the persons named in the enclosed Instrument of Proxy is a Director or Senior Officer of the Company. A SHAREHOLDER HAS THE RIGHT TO APPOINT A PERSON TO ATTEND AND ACT FOR HIM AND ON HIS BEHALF AT THE MEETING OTHER THAN THE PERSONS NAMED IN THE ENCLOSED INSTRUMENT OF PROXY. TO EXERCISE THIS RIGHT A SHAREHOLDER MAY INSERT THE NAME OF HIS NOMINEE IN THE BLANK SPACE PROVIDED, OR COMPLETE ANOTHER FORM OF PROXY. THE COMPLETED PROXY SHOULD BE DEPOSITED WITH THE SECRETARY OF THE COMPANY OR WITH ITS TRANSFER AGENT, CANADA PERMANENT TRUST COMPANY, 455 GRANVILLE STREET, VANCOUVER, B.C. AT LEAST 24 HOURS BEFORE THE TIME OF THE MEETING, OR WITH THE CHAIRMAN OF THE MEETING.

The Instrument of Proxy must be signed by the Shareholder, or by his attorney authorized in writing, or if the Shareholder is a corporation, it must either by under its common seal or signed by a duly authorized officer.

A Shareholder who has given a proxy may revoke it at any time before it is exercised. A proxy may be revoked by instrument in writing executed by the Shareholder or by his attorney authorized in writing or, if the Shareholder is a corporation, under its common seal or by an officer or attorney thereof duly authorized, and deposited either at the registered office of the Company, 2200 Guinness Tower, 1055 West Hastings Street, Vancouver, B.C. or with the Secretary of the Company or with the said Transfer Agent of the Company at any time up to and including the last business day preceding the day of the meeting or any adjournment thereof at which the proxy is to be used, or with the Chairman of such meeting on the day of the meeting, or adjournment thereof.

VOTING OF SHARES AND EXERCISE OF DISCRETION BY PROXIES

On any poll, the persons named in the enclosed Instrument of Proxy, will vote the shares in respect of which they are appointed and, where the directions are given by the Shareholder in respect of voting for or against any resolution, will do so in accordance with the direction of the Shareholder.

IN THE ABSENCE OF ANY DIRECTION TO THE CONTRARY, IT IS INTENDED THAT SUCH SHARES WILL BE VOTED IN FAVOUR OF THE MOTIONS PROPOSED TO BE MADE AT THE MEETING AS STATED UNDER THE HEADINGS IN THIS CIRCULAR. The Instrument of Proxy enclosed, when properly signed, confers discretionary authority with respect to amendments of variations to the matters identified in the Notice of Meeting and any other matters which may properly be brought before the meeting. At the time of printing this Circular, the management of the Company is not aware that any such amendments, variations or other matters are to be presented for action at the Meeting. However, if any other matters which are not known to the management should properly come before the Meeting, the proxies, hereby solicited will be exercised on such matters in accordance with the best judgment of the nominee.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

On July 30, 1970, 3,000,020 Common Shares without nominal or par value of the Company were issued and outstanding, each share carrying the right to one vote. Holders of outstanding Common Shares of

record at the time of the Annual General Meeting will be entitled to attend and vote at the Meeting or any adjournment thereof, in person or by proxy.

Neil B. Cook is the beneficial owner of 2,442,000 Common Shares of the Company representing 81.4% of the issued and outstanding Common Shares of the Company. Of this total, 724,340 Common Shares are owned of record and beneficially by Anchorage Investments Ltd., a company controlled by Mr. Neil B. Cook. Under the provisions of the "Companies Act" (B.C.) these shares are deemed to be beneficially owned by Mr. Neil B. Cook. The Directors and Senior Officers of the Company do not know of any other person beneficially owning, directly or indirectly, shares carrying more than ten (10%) per cent of the voting rights attached to all shares of the Company.

FINANCIAL STATEMENTS

The financial statements for the Company for the year ended May 31, 1970 and the Auditors' Report thereon are included in the Annual Report for 1970, a copy of which will be mailed to each Shareholder prior to the Meeting. The Annual Report can be obtained from the Company's Transfer Agent, Canada Permanent Trust Company at Vancouver, B.C.

ELECTION OF DIRECTORS

The persons named in the enclosed form of proxy intend to vote for the election of a Board of Directors comprised of seven (7) persons. Those nominated are the present Directors of the Company.

Each Director elected will hold office until the next Annual General Meeting or until his successor is duly elected, unless his office is earlier vacated in accordance with the Articles of Association of the Company.

INFORMATION CONCERNING NOMINEES

Name and Address	Principal Occupation (1)	Year First Became a Director	Common Shares Beneficially Owned (Directly or Indirectly) as of July 30, 1970 (2)
NEIL BASIL COOK, 1401-1575 Beach, Vancouver, B.C.	President of the Company since December, 1966 and President of Anchorage Investments Ltd.	1966	2,442,000 (3)
GORDON HANFORD WHITEHEAD McKEE, 3509 Capilano Road, North Vancouver, B.C.	Executive Vice-President of Anchorage Investments Ltd., since January, 1969; previously a Director and Senior Officer of E.G.M. Cape International Limited.	1969	2,000
DONALD IAIN DEWAR, 7449 Gray Avenue, Burnaby, B.C.	Director and General Manager of the Company since February, 1969; previously General Manager of an affiliated nursing home management company since 1967; previously Manager, Contract Division Western of The Robert Simpson Company Limited.	1969	1,000

Name and Address	Principal Occupation (1)	Year First Became a Director	Common Shares Beneficially Owned (Directly of Indirectly) as of July 30, 1970 (2)
WILLIAM ANDREW CLARKE, 1350 Hillhurst Road, Oakville, Ontario	Vice-President and Director of Gairdner & Company Limited.	1969	1,000
NEIL McNEIL COLVILLE, 1450 Chestnut Street, Vancouver, B.C.	Private Investor	1969	4,000
MARJORIE CLEONE DILLINGHAM, 813 Lurgan Street, Richmond, B.C.	Director of Personnel of the Company since February, 1967; previously Director of Personnel of an affiliated nursing home management company.	1969	4,800
LAWRENCE HYNES, 161 Glenrose Avenue, Toronto, Ontario	Partner, Fraser & Beatty, Solicitors.	1969	1,000

(1) Unless otherwise stated above, each of the above-named persons has held the principal occupation or employment indicated for at least five (5) years.

(2) Based on information furnished to the Company by the nominees.

(3) Of this total, 724,340 Common Shares are owned of record and beneficially by Anchorage Investments Ltd., a company controlled by Mr. Neil B. Cook. Under the provisions of the "Companies Act" (B.C.) these shares are deemed to be beneficially owned by Mr. Neil B. Cook.

REMUNERATION OF MANAGEMENT AND OTHERS

1. The aggregate direct remuneration paid or payable to the Directors and Senior Officers of the Company and its subsidiaries whose financial statements are consolidated with those of the Company for the fiscal year ended May 31, 1970 is $103,000.

2. No pension or retirement benefit plans for Directors or Senior Officer have been instituted by the Company or any of its subsidiaries or any Company assocaited with it in management and none is proposed at this time.

3. Save as set out in paragraph 1 hereof, no remuneration has been paid, directly or indirectly, to any Senior Officer or Director by the Company or its subsidiaries pursuant to any plan or otherwise. It is intended to pay in the ensuing year salaries to certain of its Officers and other management personnel in the normal course of business, all in an estimated amount of some $110,000.

4. At the commencement of the last completed fiscal year of the Company, the Directors and Senior Officers of the Company and their associates were indebted to the Company in the amount of $296,002, as disclosed in the Consolidated Balance Sheet of the Company as at May 31, 1969 under the heading "Advances to Shareholders". In July, 1969 the said sum of $296,002 was repaid to the Company.

APPOINTMENT AND REMUNERATION OF AUDITORS

The persons named in the enclosed form of proxy will vote for the re-appointment of Messrs. Thorne, Gunn, Helliwell & Christenson as Auditors of the Company for the ensuing year at a remuneration to be fixed by the Board of Directors.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No present or proposed Director or Senior Officer of the Company or any person in the Company, who, to the knowledge of the Directors or Senior Officers of the Company, beneficially owns, directly or indirectly, more than ten (10%) per cent of the voting shares of the Company or any associate or affiliate of such person or Company has any material interest, direct or indirect, in any transaction since the commencement of the Company's last completed fiscal year, or any proposed transaction which has materially affected or will materially affect the Company or any of its subsidiaries except by an Agreement made as of July 15, 1970, the Company acquired from Neil B. Cook (Director and President of the Company), Alexander M. Reid and Lawrence Crucil and Ross Meneilly (the "Vendors") all of the issued and outstanding shares and shareholders loans of Oak Lodge Private Hospital Ltd. for the total purchase price of $127,786.46 payable as to $76,200.00 in cash and by the Company assuming certain real property mortgages charging lands and premises owned and registered in the name of Oak Lodge Private Hospital Ltd. for which the Vendors were liable in the amount of $51,586.46. Mr. Neil B. Cook received $37,068.70 for his proportion of shares and shareholders loans of Oak Lodge Private Hospital Ltd. acquired by the Company.

RENEWAL OF AUTHORITY TO TAKE OR ACQUIRE SHARES

It is intended at this Annual General Meeting, following the usual practice for B.C. Companies, to ask the Shareholders to pass a resolution conferring a general authority (expiring at the next General Meeting of the Shareholders unless then continued by ordinary resolution) to take or acquire by purchase or otherwise any shares in other corporations. This is in compliance with Section 150 of the "Companies Act" of B.C. The management recommends that this authority be granted so that the Company can act promptly if suitable opportunities occur.